AIR COMMAND AND STAFF COLLEGE

STUDENT REPORT

THE SURVIVOR BENEFIT PLAN (SBP) FRIEND OR FOE?

MAJOR MICHAEL J. YOUNG 87-2805

"insights into tomorrow"

DISCLAIMER

DISCLAIMER NOTICE

REPORT NUMBER 87-2805

TITLE THE SURVIVOR BENEFIT PLAN (SBP)
FRIEND OR FOE?

AUTHOR(S) MAJOR MICHAEL J. YOUNG, USAF

FACULTY ADVISOR MAJOR ARVID B. MALVIK, USAF,
3824 STUS/41

SPONSOR TSGT. TALMADGE E. ELLIS, USAF
3800 ABW/DPMAP

Submitted to the faculty in partial fulfillment of requirements for graduation.

AIR COMMAND AND STAFF COLLEGE
AIR UNIVERSITY
MAXWELL AFB, AL 36112

UNCLASSIFIED
SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE

1a. REPORT SECURITY CLASSIFICATION: UNCLASSIFIED	1b. RESTRICTIVE MARKINGS
2a. SECURITY CLASSIFICATION AUTHORITY	3. DISTRIBUTION/AVAILABILITY OF REPORT: STATEMENT "A" Approved for public release; Distribution is unlimited.
2b. DECLASSIFICATION/DOWNGRADING SCHEDULE	
4. PERFORMING ORGANIZATION REPORT NUMBER(S): 87-2805	5. MONITORING ORGANIZATION REPORT NUMBER(S)
6a. NAME OF PERFORMING ORGANIZATION: ACSC/EDCC; 6b. OFFICE SYMBOL (If applicable)	7a. NAME OF MONITORING ORGANIZATION
6c. ADDRESS (City, State and ZIP Code): Maxwell AFB AL 36112-5542	7b. ADDRESS (City, State and ZIP Code)
8a. NAME OF FUNDING/SPONSORING ORGANIZATION; 8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER
8c. ADDRESS (City, State and ZIP Code)	10. SOURCE OF FUNDING NOS.: PROGRAM ELEMENT NO. / PROJECT NO. / TASK NO. / WORK UNIT NO.
11. TITLE (Include Security Classification): THE SURVIVOR BENEFIT PLAN (SBP)	

12. PERSONAL AUTHOR(S): YOUNG, MICHAEL J. Major, USAF

13a. TYPE OF REPORT	13b. TIME COVERED FROM ____ TO ____	14. DATE OF REPORT (Yr., Mo., Day)	15. PAGE COUNT

16. SUPPLEMENTARY NOTATION

ITEM 11: FRIEND OR FOE?

17. COSATI CODES			18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number)
FIELD	GROUP	SUB. GR.	

19. ABSTRACT (Continue on reverse if necessary and identify by block number)

Unfortunately, many military members complete a career in the service and fail to seriously plan for the possibility of death after retirement. All too often, the military member is suddenly faced with the necessity to deal with this stark reality shortly before retirement day when he receives his initial briefing on the Survivor Benefit Plan (SBP). During this hectic period, there may be little time to do a complicated analysis of SBP or to look for alternative forms of commercial insurance. This paper is an analysis by a career Air Force officer who has taken an in depth look at the SBP and some alternative forms of insurance. It does not contain all the answers. It merely presents one person's views of the SBP and provides a frame work to allow each prospective retiree to compare SBP with commercial insurance.

20. DISTRIBUTION/AVAILABILITY OF ABSTRACT: UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT. ☒ DTIC USERS ☐	21. ABSTRACT SECURITY CLASSIFICATION: UNCLASSIFIED
22a. NAME OF RESPONSIBLE INDIVIDUAL: ACSC/EDCC Maxwell AFB AL 36112	22b. TELEPHONE NUMBER (Include Area Code): (205) 293-2483; 22c. OFFICE SYMBOL

DD FORM 1473, 83 APR — EDITION OF 1 JAN 73 IS OBSOLETE.

UNCLASSIFIED
SECURITY CLASSIFICATION OF THIS PAGE

PREFACE

Unfortunately, many military members complete a career in the service and fail to seriously plan for the possibility of death after retirement. All too often, the military member is suddenly faced with the necessity to deal with this stark reality shortly before retirement day when he receives his initial briefing on the Survivor Benefit Plan (SBP). During this hectic period, there may be little time to do a complicated analysis of SBP or to look for alternative forms of commercial insurance. This paper is an analysis by a career Air Force officer who has taken an in-depth look at the SBP and some alternative forms of insurance. It does not contain all the answers. It merely presents one person's views of the SBP and provides a frame work to allow each prospective retiree to compare SBP with commercial insurance.

ABOUT THE AUTHOR

Major Michael J. Young, USAF, is a 1987 graduate of Air Command and Staff College. He is an F-16 instructor pilot with over 3000 hours of flying time. He received an undergraduate degree in mathematics from the University of Evansville and a masters degree in business administration from Eastern New Mexico University.

TABLE OF CONTENTS

LIST OF ILLUSTRATIONS

Chapter One

THE SURVIVOR BENEFIT PLAN
WHAT IS IT?

If a service member dies on active duty, benefits go to the survivor. However, when a retiree dies, regular retired pay ceases immediately. This could leave a retiree's spouse or dependent family members in extreme financial hardship. Some safeguards are available to avert this disaster. One such safeguard is the government sponsored Survivor Benefit Plan (SBP).

The SBP was initiated by the 92nd Congress on 21 Sept 1972.(21:1447) It was introduced as an improvement to the Retired Serviceman's Family Protection Plan which it replaced. The SBP assures at least some financial protection in the form of an annuity in monthly payments for survivors of military retirees. The survivor annuities provided may be as much as 55 percent of one's retired pay at the time of death. This annuity may be paid to a retiree's spouse, a spouse and dependent children, dependent children only, an ex-spouse, or someone with an insurable interest. This last category includes a mother, father, brother, sister or other close relative. It may also include a partner in a business firm. If, however, the person with an insurable interest is someone other than a close relative, proof may have to be provided that the beneficiary is in fact, financially dependent on the retiree.(20:3)

Participation in the program has never reached the anticipated goal of 85 percent. In 1983, a DOD Statistical Report on the military Retirement System showed that the SBP participation rate for new retirees was 55 percent overall. The rate was 74 percent for officers and 45 percent for enlisted personnel.(10:128) Although retiree counseling programs have improved, prospective retirees still find the various SBP components, cost, options, and benefits confusing. As a result, they have difficulty deciding between SBP and commercially available alternative plans.

The SBP seems costly, but so do alternatives. In making comparisons between the two, the retiree is confronted with determining the value of premiums, dividends, net surrender values, tax exemptions, and tax deferrals. All of this is compounded by uncertainty about future rates of inflation, the retiree's life expectancy, and the spouse's life expectancy.(10:128) All these factors affect a retiree's decision about participating in SBP. Participation, however, is the key to funding this program. The SBP is subsidized, to some extent, by the federal government. It was designed to be a program for the retiree, funded primarily by premium payments made by the retiree. The government now pays about 28 percent of the cost of SBP annuities and members pay the other 72 percent.(13:8) According to Senate Committee estimates, the government collected one billion dollars more in premiums than annuities paid out by 1982. The government gained another one billion dollars by not having to borrow the original billion dollars. The result was a two billion dollar fund to carry the program into the year 2000.(14:33) This has proven to be insufficient to ensure continued annuity payments for all SBP participants. Mr. Robert F. Hale, assistant director for national security of the Congressional Budget Office, said in 1985 that the government would need to contribute between $226 million and $298 million to the SBP trust fund in the next fiscal year to pay for future annuities.(16:28) It is probably a safe assumption that SBP funds will continue to be available to all those that elect to participate.

Shortly prior to retirement, a representative from the consolidated base personnel office discusses the complete SBP program with each military retiree. The retiree is then permitted to formulate a decision. The period just prior to retirement can be a very stressful and hectic with little time available to shop for alternate insurance plans. Of course, participation in the SBP is entirely optional. However, maximum coverage for eligible spouse and children will automatically be established unless the member elects spouse only coverage, coverage for a former spouse, elects reduced coverage or declines coverage before retirement.(20:2) Married retirees must obtain their spouse's written permission to elect less than the maximum coverage or decline participation.(12:6) If a retiree declines participation, retired pay stops on the date of the retiree's death. There will be no military retirement income or annuity paid to the survivors. In addition, if a retiree declines coverage for a spouse or eligible child at retirement, coverage may not be added later.(20:4) For example, if a retiree declines SBP coverage for an eligible

spouse, then divorces and remarries, coverage for the new spouse may not be initiated. In other words, the retiree is locked out of SBP forever.

The degree or level of participation in SBP by a retiree is optional. Prior to retirement, the retiree must decide upon a base amount which will establish both the amount of the annuity and the associated cost. The minimum amount is $300, the maximum is equal to the total amount of the retiree's monthly retired pay. Both the retiree's cost for SBP, and the amount of the SBP monthly annuity, are computed using this base amount.(20:4)

The SBP monthly annuity, in the event of death, is equal to 55 percent of the base amount selected at retirement. The base amount selected may be the maximum (full retirement pay), the minimum ($300), or any amount in between. The cost for the SBP will vary depending on the retiree's selection of eligible beneficiaries and the base amount selected. The spouse only option is the easiest to calculate and most frequently selected. This is because, in most cases, benefits will be paid after the children have grown up and left the spouse as the sole eligible survivor. The spouse only option will therefore be used as an example in this paper.

The cost is 2.5 percent of the first $309 of the base amount plus 10 percent of the excess of the base amount over $309.(19:4) For example, let's assume a base amount of $1000. The computation would be as follows:

2.5 percent of the first $309	$ 7.74
10 percent of ($1000-$309)	$ 69.09
Total Monthly Cost	$ 76.83

The total cost would then be deducted monthly from the retiree's retirement check by the Air Force Accounting and Finance Center. For $76.83, the retiree is guaranteeing the spouse a monthly annuity income of $550.00 (55 percent of $1000.00) should the retiree precede the spouse in death. Figure one, on the following page, shows some sample computations for SBP annuities and the associated costs for the spouse only option. The annuities shown in the center column, would be paid for life to a surviving spouse unless the spouse remarries before age 55. In that case, the annuity stops. There are two exceptions. First, the annuity

is not terminated by a spouse's remarriage after age 55. Second, the annuity will be reduced (offset) when the spouse reaches the age of 62 and becomes eligible for social security benefits.(20:4-8) This will be discussed in a later chapter.

Many retirees find the costs, options, and benefits of SBP confusing. All too often, the problem is seldom considered until the military member is faced with the complicated decisions that must be made at the time of retirement. Since the decision to participate in SBP is irrevocable, it deserves more than a cursory glance. Participation in SBP will assure that the retiree's spouse will receive a monthly income after death. Of course, the retiree has to accept the fact that each month's retired pay will be reduced as payment for SBP. Is SBP really the best deal around? The remainder of this paper will address that question.

Retired Pay Base Amount	Monthly Payments For Spouse Only	Monthly Cost To Retiree
$1,100.00	$ 605.00	$ 86.83
1,200.00	660.00	96.83
1,300.00	715.00	106.83
1,400.00	770.00	116.83
1,500.00	825.00	126.83
1,600.00	880.00	136.83
1,700.00	935.00	146.83
1,800.00	990.00	156.83
1,900.00	1,045.00	166.83
2,000.00	1,100.00	176.83

Figure 1. SPOUSE ONLY SBP BENEFITS AND COSTS

Chapter Two

THE ADVANTAGES OF SBP

As seen in chapter one, the objective of SBP is to provide an annuity income up to a maximum of 55 percent of the military member's retired pay to a beneficiary. The SBP is not intended to comprise a retiree's total estate plan. It will, however, supplement an estate by ensuring the retiree's spouse continues to receive some monthly income in the event the retiree dies. This should provide both the retiree and the spouse some piece of mind just knowing that the future has been planned for in case of death. In addition to meeting this basic objective, there are many other advantages to SBP. This chapter will examine some of those advantages.

The SBP is a terrific advantage to all military members on active duty with over 20 years of service. These military members, who are eligible for retirement, are enrolled in the SBP without charge. If a military member dies while on extended active duty, the spouse will receive the maximum SBP annuity that the military member was eligible to receive if retirement would have occurred the day prior to death. This applies to the spouse only coverage. It does not apply to any other beneficiary option available in the SBP.(20:2) The fact that this is available without charge makes it especially appealing. There are additional advantages to SBP.

The foremost advantage of SBP is that it is cost-of-living (COLA) adjusted. When retirement pay is increased due to inflation, the benefits and costs of SBP also increase. Thus, the COLA provides SBP a built in protection against inflation.(11:61) Although it is true that inflation rates have declined in recent years, many economists were predicting a four to five percent annual inflation rate throughout this century.(14:33) Inflation may be held down to the two or three percent level or it may increase to even higher inflation rates in this decade. No

one can predict with accuracy the future economic status of the United States. It must be pointed out that if higher inflation rates are experienced, it will make the SBP even more attractive. To illustrate this point, here is an example:

> A person receiving a constant SBP benefit of $300 a month for 20 years would receive a total of $72,000. With an annual cost of living increase of only 6 percent the total amount jumps to $132,428, almost twice as much as had the benefit remained constant. Correspondingly, the monthly payment would have increased from $300 to $962. It's true, the cost of maintaining one's self would have gone up over the 20 years under these conditions, but dollars received would have also increased.(19:10)

Even though the benefits and cost of SBP rise with inflation, the beauty is that SBP has a built in inflation guard. Therefore, SBP becomes more valuable with higher inflation rates. It allows one's survivors to keep up with inflation and thereby maintain a constant standard of living.

Another advantage is that the dollars spent by the retiree for SBP protection are not subject to federal income tax. This decreases the actual "out of pocket" cost of SBP. This could be especially important to retirees in a second career or retirees with additional income that could put them in a higher tax bracket. If a person in the 28 percent tax bracket has a monthly SBP cost of the $76.83 computed in chapter one, the effective cost is $55.32. The computations are: ($76.83-$21.51=$55.32). There is an additional tax advantage because IRS regulations exempt SBP annuity benefits from federal estate taxes. However, the beneficiary is required to pay federal and state (if applicable) income taxes on the monthly annuity.(14:34)

Another nice feature of SBP is that no retiree can be refused participation in SBP due to age or health conditions.(14:34) This advantage should be especially appealing to those retirees who might be high insurance risks due to poor health or a long history of smoking. An added advantage is that the cost of SBP is not tied to an increase in age or an increase in insurability risk. In addition, participation cannot be terminated for these reasons. It is

critical that a retiree be enrolled in an adequate alternative insurance program before declining SBP due to the guaranteed insurability of the latter program.

Current SBP regulations stipulate that participation in SBP will terminate whenever a retiree loses an eligible beneficiary (e.g., spouse) through death or divorce. Therefore, a retiree pays for SBP only when there is an eligible beneficiary available. The retiree does not continue to make SBP payments without eligible beneficiaries as was the case a few years ago. If no beneficiary is available, participation is merely suspended, not terminated. If a new spouse is acquired, SBP protection is automatically resumed for the new spouse to the same extent as the deceased or former spouse. The new spouse will be covered by SBP effective the first anniversary of the marriage or the date a child of the marriage is born, if that date is earlier.(20:5) Obtaining a new spouse opens several new options to the retiree due to a change made to SBP by the 1986 DOD Authorization Act, PL 99-145. Prior to PL 99-145, retirees participating in SBP with suspended spouse coverage had no options to modify their SBP program on remarriage. Now, a retiree has the opportunity to make some changes to the SBP program at the time of remarriage. The retiree may elect to: resume existing SBP coverage, increase SBP coverage (the base amount) up to and including full retired pay, or decline to resume SBP coverage for the new spouse. A remarried retiree may not elect to: add child coverage if it was not already in effect, reduce coverage to a lower level than that already in effect, or eliminate child coverage already in effect. If a different level of participation is selected on remarriage, the retiree must pay to the government the difference between the SBP costs incurred and the costs that would have been incurred if the new level of participation had been elected originally. Payment of these premiums (plus interest) must be completed before the spouse becomes an eligible beneficiary.(9:29-31) This could become very expensive if the retiree wanted to increase SBP coverage for the new spouse. It may be financially more advantageous to look for other insurance options.

Although there are many advantages to the SBP, it is not a rose without thorns. Before one commits to a life-long program, all aspects must be explored. In chapter three, some disadvantages of the SBP will be examined.

Chapter Three

Some Disadvantages of the SBP

In addition to all the advantages of SBP, it has a few inherent disadvantages. The SBP is a program totally unlike other insurance or annuity programs. It is fairly rigid in the way it is set up. Both the heir and the annuity paid are selected at retirement and cannot normally be changed thereafter. For example, a member who designates full retired pay as the base amount on retirement may not later change to a reduced amount for that same beneficiary. The reverse is also true. In addition, if coverage is declined for a spouse, this decision is irrevocable and coverage for that spouse or any future spouse is prohibited.(20:3-4) These factors force many retirees to make complicated and irreversible decisions prior to retirement that will affect them forever.

Normal whole life policies allow much more flexibility. Beneficiaries can be changed throughout the life of the policy holder. Many life insurance policies can be cashed in for their face value when the policies have matured. Furthermore, with insurance, one can take a lump sum settlement or arrange for monthly annuity payments. It may, in fact, be better to take a lump sum settlement, invest that money in a high yield investment, and then withdraw a monthly annuity from the interest received. This option is not available if one participates in SBP. With SBP, the only available payment option is a monthly annuity.

There is an additional disadvantage to SBP for female military retirees. If a female military retiree is married to a male of the same age, she will probably outlive him by at least three years. Therefore, it is highly probable that she might pay the cost for SBP and then never collect a dime from the program due to her husband predeceasing her. According to statistics, her husband would have to be at least six years younger than her before there would be much chance of receiving any return on her investment.(14:37)

Even then, it is highly unlikely that the benefits would equal the cost. If the female retiree's health is good at the time of retirement, she may be money ahead investing in some alternative plan for the protection of her spouse.

All military retirees face the possibility that their retirement pay may be reduced in the future. As efforts are continued to balance the federal budget, military retirement pay is certainly destined to come under fire and meet fierce opposition. Since SBP annuities are tied to retirement pay, any reductions in retirement pay contemplated by Congress would result in reductions in SBP annuities.(16:28) As a result, this must be considered as a significant disadvantage of SBP.

Perhaps the greatest and most depressing disadvantage to SBP is what is known as the social security "offset." When the survivor reaches the age of 62, the SBP benefit will be reduced due to the survivor being eligible for social security benefits as well. The reductions will be made by the service finance center regardless of whether the widow actually collects the social security payments. In some cases, where the widow is working, she may be prohibited from receiving any social security payments. Nevertheless, the social security offset would be withheld from her SBP payment anyway.(17:16) At age 62, the survivor is paid 35 percent of the base amount selected by the retiree instead of the maximum 55 percent. Although the cost of SBP does not decrease, assuming the retiree is still living, the benefits are decreased by a startling 20 percent starting the day the spouse turns 62. It is true that the spouse, at age 62, will have social security income as well as an SBP annuity to assist financially. The fact remains, however, that the return on investment drastically decreases after the spouse reaches 62 years of age. This social security offset, known as the two tier system, was enacted by Congress because the government contributes to the Social Security Fund for active-duty personnel and also pays part of the cost of the SBP annuity. The government, therefore, integrated the two programs. This enabled the government to offer the SBP to the retiring member at a significantly lower cost than would be possible otherwise.(19:28) In short, the government counted on the reduction in SBP benefits during the "golden years" of the SBP recipient's life time to decrease the total cost pay out. If it were not for this offset, the up front cost for SBP would undoubtedly be much higher.

Although there are some definite disadvantages to SBP, many of the advantages discussed in the previous chapter are appealing. The same essential problem faces all military members planning for retirement. Providing for the financial security of one's dependents in case of death following retirement, when many active duty survivor benefits are no longer available, is not a simple task. The real test, before committing oneself to an irrevocable, life long decision to participate in the SBP, is to compare SBP to other commercial insurance programs.

Chapter Four

What are the Alternatives?

When one begins to look for an alternative insurance plan to replace SBP, there are two primary considerations the retiree must consider. First, how much will the premiums be for the insurance and second, what will be received in return. These variables will depend on the nature of the policy purchased. Basically, there are three types of life insurance policies; term, whole life, and endowment policies.(7:290)

Term Insurance

Term insurance is designed to provide protection for a limited period of time. It is designed for temporary protection and generally has no cash surrender value. Term policies are often written for a specified period such as five, ten or twenty year term policies. In most cases, they will not extend beyond 65 years of age. If the insured dies within the prescribed period, the insuring company will pay the face amount of the policy to the beneficiary. On the other hand, if the insured outlives the term of the policy, the protection paid for has been received and there is no equity left in the policy. In other words, there is no cash value. The following paragraphs describe several different types of term insurance available for consideration by the retiree.

A straight term insurance policy is usually written for a year or for a specified number of years, and terminates automatically at the end of the designated period. These policies are usually nonrenewable. Premiums generally remain the same for the duration of the policy. Normally, the longer the term, the higher the premium.(1:34)

Renewable term insurance is a type of contract under which the insured may renew the policy before its expiration date, without taking another medical examination or otherwise providing proof of insurability.(2:443)

Yearly renewable term insurance is similar. This policy permits renewal each year at the request of the insured, without evidence of insurability. The final expiration limit may be 30 or 40 years from that time. If the insured is still living, at the end of that period, the policy will terminate.(2:443)

Decreasing term insurance is designed so that the death benefit declines steadily until it reaches zero at the expiration date. Premiums usually remain the same and are payable for the duration of the policy. Caution must be exercised with this term policy so that the benefits of the policy do not decline before the needs of the insured. This type policy might be ideal for an individual who wishes to guarantee a college education for dependent children. The policy could be drafted up to cover the expected expenses for the children during their college years.(1:35)

All the term policies described above have one thing in common. They all terminate without cash value at an end of a specified number of years or at a specified age. It is not a program designed to meet the entire insurance needs of one's lifetime. It will, however, meet the needs of an individual who wants maximum protection for minimum cost for a limited period.(4:26)

Whole Life Insurance

Whole life insurance is a program designed to provide lifetime coverage for the insured. Its purpose is to provide death benefits for the beneficiary regardless of when the insured dies. The premium, normally higher than that for a term policy of like amount, more than covers the cost of insurance during the early years of the policy. The excess or policy reserve is invested with interest so that in later years it may be drawn upon to meet the rising cost of the pure insurance. The policy reserve may be withdrawn in a lump sum when the policy is surrendered. Another option is to accept paid up insurance purchased with the money in the policy reserve if the insured should decide to stop paying premiums.(4:32) Whole life insurance is often used as a savings plan for the accumulation of cash values

to offset financial emergencies or to provide funds for retirement income. It may also be used to supplement social security and employee retirement plans. Whole life insurance is capable of achieving a large amount of death protection per premium dollar and, at the same time, developing a cash value which represents an effective method of accumulating savings that may be used to provide money for emergencies and retirement needs.(2:449)

Endowment Policies

An endowment policy is a contract in which the insured pays premiums for a limited number of years. The insuring company guarantees to pay the face amount of the policy to the insured if living at the maturity of the policy, or to the beneficiary should death occur prior to the maturity date.(17:292) For example, a $20,000 endowment at age 65 issued to a man at 35 years of age, promises to pay $20,000 to the designated beneficiary if the insured dies at any time within the 30 year period. If the man lives to age 65, the $20,000 then is payable to him. The endowment policy can be thought of as a savings account protected by life insurance. The face amount is guaranteed to be paid to the insured or to the beneficiary not later than the end of the prescribed endowment period. As might be expected, the premiums for this type of policy are fairly high. This is necessary so that sufficient capital is accumulated when needed for payment at the end of the endowment period. This high premium rate would probably allow for greater protection in actual insurance for the dollar if whole life or term policies were purchased. Endowment insurance plans may fall short of the needs of the military retiree. Remember, the endowment policy does not cover the insured for his life time but only for the endowment period. Many people are sold endowment insurance when they should be sold term or whole life insurance. Often the lure of a lump sum of money 20 or 30 years down the road blinds people into a choice of an endowment policy and causes them to lose sight of the basic purpose of life insurance: to provide an efficient pre-death arrangement for an effective post-death balance between resources that will be needed and those that will be available.(2:447)

The retiree, looking for a suitable replacement for SBP, will be faced with numerous types of policies and options for consideration. The ones represented here are just a sample of the many to choose from. Each individual retiree's case may be different depending on needs and circumstances. Term insurance is a useful tool to satisfy a

temporary need for life insurance or to provide adequate death protection when the budget is too small to afford cash value insurance. Endowment insurance is useful to arrange for a fixed sum of money to be paid at a particular future date or upon the death of the insured. The fact remains, however, that the whole life policy is the basic insurance coverage and the one that is the most appropriate in the great majority of cases for younger people. It combines, in moderation, the good features of both term and endowment insurance policies.(2:450)

These are the types of policies available to the retiree as a possible substitute for the SBP. Several questions remain that must be answered before the search for a cheaper or better program begins. One such question is how much coverage is needed to provide coverage that at least equals the coverage provided by SBP. That question will be addressed in chapter five.

Chapter Five

How Much Is Enough?

Before an analysis of the commercial insurance needed to replace the SBP program is accomplished, some preset conditions must be established. In this comparative analysis, the following will be assumed:

>Year of retirement: 1987
>Grade at retirement: Lt/Col
>Years of service: 22 years
>Age of retiree: 43
>One dependent: Spouse (female)
>Age of spouse: 41
>Tax Bracket: 28 percent
>Annual cost of living allowance: 3 percent
>Maximum SBP participation elected

The three percent cost of living allowance (COLA) is the weak link in this analysis process. The COLA affects the amount of commercial insurance needed to equal SBP benefits. The higher the COLA, the more commercial insurance needed to equal SBP payments. The three percent COLA is an estimate of future conditions. Retirees who retired after December 1983, received a COLA equal to 2.8 percent in January 1985. A 3.1 percent COLA increase was to be effective 1 December 1985 payable in January 1986. However, the Gramm Rudman Hollings amendment to the Budget Deficit Reduction Act in December 1985 resulted in cancellation of this COLA. Therefore, there was no COLA increase for retirees in 1986.(17:19) The active duty pay increases have averaged three percent per year since 1982. Retired pay has closely paralleled these increases.(17:20)

As the effort to balance the budget continues, the military retirement system will continue to meet opposition.

Three percent is probably a realistic approximation of the COLA retirees can expect in the future. Therefore, it will be used in this analysis.

To begin this analysis, retirement pay and SBP benefits are compared on page 19. The retired pay for a Lt/Col with 22 years of service is $1810 per month based on 1986 pay tables. Column one shows the retiree's age for each line of data up to age 75. Seventy five is used as the maximum age of the retiree because that is the life expectancy of a male who is 43 years old.(5:757) Column two is the annual retired pay income for each year of retirement assuming a three percent annual COLA. Column three is the corresponding age of the spouse for each line of data. Data for the wife is presented through the 78th year because that is the life expectancy of a 41 year old female.(5:757) The annual, maximum SBP payment to be paid to the surviving spouse, when the retiree dies, is shown in column four. Note the decrease from $21,576 to $14,142 when the spouse reaches age 62. This reflects the social security offset described on page nine of this report. Column five shows the annual cost of maximum participation in SBP. Since the cost of SBP is a percentage of retired pay, as retired pay increases, due to the annual COLAs, the cost of SBP also increases. Remember though, the premium for SBP protection is withheld from the retiree's retirement pay prior to taxes being paid on those premiums. The result is a tax advantage as discussed in chapter two. The cost of SBP with the tax advantage included, assuming a 28 percent tax bracket for the retiree is shown in column six. The data was computed exactly as discussed in chapter one. For example, in line one, the cost of SBP (column five) and the tax advantage cost of SBP (column six), were computed as follows: the annual cost of SBP in year one of retirement is $1894, the tax advantage cost is [1894-(.28x1894)] or $1894-$530= $1364 for the first year of retirement.

The $1364 is the first year cost of SBP for the retire. The annual premiums in column six are the ones that must be used for comparison when looking for commercial insurance to duplicate the benefits provided by SBP. The key data needed for the comparison is now available. The commercial insurance must provide benefits at least equal to those shown in column four for an annual cost comparable with that shown in column six on page 19. Just how much commercial insurance will be necessary to provide the spouse life long benefits equal to those of the SBP program?

ASSUMPTIONS:
Lt/Col 22 years
Retired Pay/month 1810
Annual Cost of Living 0.03

1 RETIREE AGE	2 INCOME with COLA	3 WIFE AGE	4 MAX SBP ANNUAL PAYMENT	5 COST OF SBP	6 TAX ADV COST
44	21720	42	11946	1894	1364
45	22372	43	12304	1959	1411
46	23043	44	12674	2026	1459
47	23734	45	13054	2095	1509
48	24446	46	13445	2167	1560
49	25179	47	13849	2240	1613
50	25935	48	14264	2315	1667
51	26713	49	14692	2393	1723
52	27514	50	15133	2473	1781
53	28340	51	15587	2556	1840
54	29190	52	16054	2641	1901
55	30066	53	16536	2729	1965
56	30968	54	17032	2819	2029
57	31897	55	17543	2912	2096
58	32853	56	18069	3007	2165
59	33839	57	18612	3106	2236
60	34854	58	19170	3207	2309
61	35900	59	19745	3312	2385
62	36977	60	20337	3420	2462
63	38086	61	20947	3531	2542
64	39229	62	21576	3645	2624
65	40406	63	14142	3763	2709
66	41618	64	14566	3884	2796
67	42866	65	15003	4009	2886
68	44152	66	15453	4137	2979
69	45477	67	15917	4270	3074
70	46841	68	16394	4406	3172
71	48246	69	16886	4547	3274
72	49694	70	17393	4691	3378
73	51185	71	17915	4840	3485
74	52720	72	18452	4994	3596
75	54302	73	19006	5152	3710
		74	19576		
		75	20163		
		76	20768		
		77	21391		
		78	22033		

Total SBP Income @ Age 78 >>>627627
Cost of SBP if Retiree lives till Age 75 >>> 105137
Cost of SBP if Retiree lives till Age 75 with Tax Adv >>>75699

Figure 2. Retirement Pay Compared to SBP

The first comparison of the SBP to commercial insurance is shown on page 21. This page of analysis examines the insurance necessary to equal the SBP payments computed on page 19. The analysis assumes that when the retiree dies, the spouse takes a lump sum settlement, withdraws an amount equal to the total SBP payment for that year and invests the excess in an investment program receiving ten percent interest. Ten percent interest is a realistic rate of return. Many mutual funds and stocks have exceeded ten percent rate of return over the last eight years.(6:5-8) The data on page 21 assumes interest is compounded annually. If interest was compounded monthly, or quarterly, the initial lump sum investment needed would be substantially less.

Figure three on page 21 compares data for insurance policies in the amount of $160,000, $165,000, and $180,000. Column one shows the age of the wife through age 78. Column two shows the annual payment, equal to the annual SBP payment for each year of the wife's lifetime, as computed on page 19. Columns three, five, and seven show the excess of the insurance settlement after an amount equal to the corresponding annual SBP payment is withdrawn. Columns four, six, and eight show excess funds from the insurance proceeds with a ten percent annual interest return. Assume the retiree dies the first year after retirement at age 44, the wife's age would be 42. At age 42, the spouse accepts a lump sum insurance pay off of $160,000. As shown in column two, she withdraws $11,946 initially. This is a payment equal to the sum of all SBP payments the first year. The excess, $148,054, shown in column three, is invested in an account receiving a minimum of ten percent annual interest. The excess, after the first year, will result in a total of $162,859 with interest as shown in column four. This process continues throughout the expected life of the wife. Note that for comparison, the payments shown in column two, decrease when the wife becomes eligible for social security at age 62, just as in the SBP program. This is for comparison purposes only. In reality, the $144,064, shown in column four on page 21 is available to the spouse when she reaches age 62 to use as she sees fit. The data for the other policies on page 21 was computed in precisely the same manner.

This computer analysis indicates that if the Lt/Col retiree in our illustration died on the first day of his retirement, a lump sum of $160,000 invested at 10 percent, compounded annually, would be insufficient to equal the SBP

ASSUMPTIONS:
Lump Sum Payment Invested at 0.1
Annual Payment Equal to SBP Payment

			Insurance Available to Wife				
			160000		165000		180000
1	2	3	4	5	6	7	8
Wife Age	Pay=to SBP Payment	Excess of Payment	Excess with Interest	Excess of Payment	Excess with Interest	Excess of Payment	Excess with Interest
42	11946	148054	162859	153054	168359		
43	12304	150555	165611	156055	171661		
44	12674	152937	168231	158987	174886		
45	13054	155177	170694	161832	178015		
46	13445	157249	172974	164570	181027		
47	13849	159125	175038	167178	183896		
48	14264	160774	176851	169632	186595		
49	14692	162159	178375	171903	189093		
50	15133	163242	179566	173960	191356		
51	15587	163979	180377	175769	193346		
52	16054	164323	180756	177292	195021		
53	16536	164220	180641	178485	196334		
54	17032	163609	179970	179302	197232	162968	179265
55	17543	162427	178670	179689	197658	161722	177894
56	18069	160601	176661	179589	197548	159825	175808
57	18612	158049	173854	178936	196829	157196	172915
58	19170	154684	170153	177659	195425	153745	169120
59	19745	150408	165448	175680	193248	149375	164312
60	20337	145111	159622	172911	190202	143975	158373
61	20947	138675	152543	169255	186181	137426	151168
62	21576	130967	144064	164605	181065	129592	142551
63	14142	129922	142914	166923	183615	128409	141250
64	14566	128348	141183	169049	185954	126684	139353
65	15003	126180	138798	170951	188046	124350	136785
66	15453	123345	135679	172593	189853	121332	133465
67	15917	119762	131738	173936	191329	117548	129302
68	16394	115344	126879	174935	192429	112908	124199
69	16886	109993	120992	175543	193097	107313	118045
70	17393	103599	113959	175704	193274	100652	110717
71	17915	96044	105648	175359	192895	92802	102082
72	18452	87196	95916	174443	191888	83630	91993
73	19006	76910	84601	172882	190170	72987	80286
74	19576	65025	71527	170594	187653	60710	66781
75	20163	51364	56501	167490	184239	46618	51279
76	20768	35733	39306	163471	179818	30511	33563
77	21391	17915	19707	158427	174270	12172	13389
78	22033	-2326	-2559	152237	167461	-8644	-9509

Figure 3. Insurance Needed to Equal SBP Payment

payments shown in column two. Note, that with the $160,000 policy, there is a deficit of $2326 in the wife'~ 78th year. Therefore, an insurance policy of $160,000 will not equal the life long performance of SBP.

If instead of a $160,000 policy, the retiree purchased a $165,000 insurance policy, there would be ample funds to equal the SBP payments throughout the wife's lifetime. In addition, at the end of her 78th year, there would be an excess of funds in the amount of $167,461 as shown at the bottom of column six. It might appear that death in the first year of retirement would be the worst case situation but it is not. If the retiree dies in the early retirement years, the payments withdrawn from the insurance proceeds, shown in column two, are smaller than they would be in latter years. In addition, in the early years of retirement, there is a larger excess after payments are withdrawn to earn interest. This is not the case later on in the retirement years as the annual COLAs push retirement pay and the corresponding SBP payments up.

The increase in retirement pay, later in the retiree's life time, requires more insurance to equal the payments that would be provided by participation in SBP. It was determined, through computer analysis, that the wife's 54th year is the critical year. For example, look at the data in column seven on page 21. If the retiree died when the wife was 54 years old and had an insurance policy with death benefits equal to $180,000, it would be insufficient to equal the benefits provided by SBP. As shown in column seven on page 21, there would be a deficit of $8,644 in the 78th year of the wife's life. On the other hand, if the retiree held an insurance policy with a death benefit of $185,000 and died in the same critical year, there would be ample funds to equal all SBP payments. In fact, there would be an excess of $40,604 at the end of the wife's 78th year.

The analysis on page 21 indicates that an insurance policy providing death benefits equal to $185,000 is necessary to equal the benefits provided by the SBP program. Page 23 gives a complete analysis of the $185,000 insurance policy, using the same procedures as was accomplished on page 21. If the retiree dies the first year of retirement, and the wife lives until age 78, the proceeds from the $185,000 insurance policy will provide the wife with a total lifetime income equal to that provided by SBP ($627,627). In addition, the excess of the policy proceeds, at a ten

ASSUMPTIONS:
Insurance Available to Wife 185000
Lump Sum Payment Invested at 0.1
Annual Payment Equal to SBP Payment
All Excess Remains Invested at 10%

Column 1	2	3	4
Wife Age	Pay=to SBP Payment	Excess of Payment	Excess with Interest
42	11946	173054	190359
43	12304	178055	195861
44	12674	183187	201506
45	13054	188452	207297
46	13445	193852	213237
47	13849	199388	219327
48	14264	205063	225569
49	14692	210877	231965
50	15133	216832	238515
51	15587	222928	245221
52	16054	229167	252083
53	16536	235547	259102
54	17032	242070	266277
55	17543	248734	273608
56	18069	255539	281092
57	18612	262480	288729
58	19170	269559	296514
59	19745	276769	304446
60	20337	284109	312520
61	20947	291573	320731
62	21576	299155	329070
63	14142	314928	346421
64	14566	331855	365040
65	15003	350037	385041
66	15453	369588	406547
67	15917	390630	429693
68	16394	413299	454629
69	16886	437743	481517
70	17393	464124	510536
71	17915	492621	541883
72	18452	523431	575774
73	19006	556768	612445
74	19576	592869	652156
75	20163	631993	695193
76	20768	674425	741867
77	21391	720476	792524
78	22033	770491	847540
Total Income Rcvd	627627		
Remaining Invest	847540		
Total Poss Return	1475167		

Figure 4. The $185,000 Insurance Policy Analysis

percent annual interest, would result in a remaining investment of $847,540 when the wife reaches age 78. The excess, $847,540 shown in column four, when the wife is 78 years of age, can be used to increase annual payments above those shown in column two during the later years, pay for medical care, or added to the estate after death. Although the wife may never need these excess funds, the important thing to remember is that they are available to her with commercial insurance. These extra funds are not available with participation in SBP.

The total possible return from this insurance policy is the sum of the income received and the remaining investment. This is equal to $1,475,167 as shown on the bottom of page 23. This policy not only equals the benefits of SBP, regardless of when the retiree dies, but the total possible return from the $185,000 policy more than doubles the total possible income provided by SBP.

Now that the amount of insurance needed has been established, it's time for the cost analysis. Can one purchase the needed $185,000, just prior to retirement, at the age of 43, at a cost equal to or less than the cost of the SBP plan? This will be examined on page 25.

For comparison, the annual cost of several different insurance policies will be compared to the annual cost of SBP on page 25. The tax advantage cost of SBP is shown in column two for each year of the retiree's life listed in column one. Each of the policies depicted will provide a death benefit of $185,000.

Policy number one, shown in column three, is a level term policy that is guaranteed renewable every five years. Therefore, a change in health status will not result in a cancellation or rate increase. The annual premium of this policy is less than the SBP premium until age 69. Then, as expected with term insurance, the premiums rise dramatically as the retiree increases in age. It must be pointed out that at age 65, the insurance needed to equal the value of SBP is no longer $185,000 as it was on day one of retirement. In fact, computer analysis shows that a policy for $145,000 at age 65 will equal the benefits of SBP if the retiree were to die. At this point in life, the retiree could decrease insurance coverage, and simultaneously the premiums, to meet his present needs and the expected needs of his spouse. If the $185,000 term policy is retained through age 75, the life cost would be $61,366 compared to

1 Retiree Age	2 Annual Cost of SBP	3 Annual Cost of Policy 1	4 Annual Cost of Policy 2	5 Annual Cost of Policy 3
44	1364	444	1709	3879
45	1411	444	1709	3879
46	1459	444	1709	3879
47	1509	444	1709	3879
48	1560	444	1709	3879
49	1613	603	1709	3879
50	1667	603	1709	3879
51	1723	603	1709	0
52	1781	603	1709	0
53	1840	603	1709	0
54	1901	914	1709	0
55	1965	914	1709	0
56	2029	914	1709	0
57	2096	914	1709	0
58	2165	914	1709	0
59	2236	1430	1709	0
60	2309	1430	1709	0
61	2385	1430	1709	0
62	2462	1430	1709	0
63	2542	1430	1709	0
64	2624	2455	1709	0
65	2709	2455	1709	0
66	2796	2455	1709	0
67	2886	2455	1709	0
68	2979	2455	1709	0
69	3074	4236	1709	0
70	3172	4236	1709	0
71	3274	4236	1709	0
72	3378	4236	1709	0
73	3485	4236	1709	0
74	3596	5478	1709	0
75	3710	5478	1709	0
LIFETIME COST	75699	61366	54688	27153
LIFETIME SAVINGS OVER SBP >>>>>		14333	21011	48546

Figure 5. Insurance/SBP Cost Comparison for three $185,000 Life Insurance Policies

$75,699 for the life cost of SBP to age 75. This is a savings of over $14,000. In addition, regardless of when the retiree dies, the spouse will receive a total return that far outweighs that provided by participation in SBP. For another example, look at policy two shown in column four.

Policy two is a whole life policy which earns an annual cash value. The annual premium of $1709 remains constant for the life of the insured as shown in column four. The life cost, until age 75, of this policy is $54,688. Although the initial cost of the policy is more expensive through age 50, the life cost to age 75 represents a savings of $21,011 when compared to the life cost of SBP. Even though the initial cost of this policy is more expensive than SBP, the longer the retiree lives, the greater his savings. The benefits of this policy are the same as policy one with savings of $6,678 when compared to policy one.

Policy three, shown in column five, is a unique whole life policy. In addition to permanent life insurance protection with guaranteed death benefits, guaranteed cash values, and guaranteed level premiums, it also offers what is known as vanishing premiums. Based upon the current interest rates, the insured can stop paying premiums after the seventh year and let the earned cash value be applied toward future premiums. Even though the premiums stop, full insurance coverage continues. The premium for a $185,000 policy of this type is $3879 annually. Even though this premium is only paid during the first seven years of retirement, the premium is higher than any annual payment for SBP depicted in column two. This policy would be paid in full at age 50. This occurs in the early years of retirement when the retiree is likely to be employed in a second career and thereby easing the financial burden of the higher premiums. The lifetime cost of this policy is $27,153, a savings of $48,546 when compared to the lifetime cost of SBP. In addition, if the retiree lives until age 70, the policy will have a guaranteed cash value of $81,855. The policy is very expensive up front but the long term benefits are substantial.

Chapter Six

Some Conclusions

This analysis is not intended to discredit the SBP. Hopefully, it will be thought provoking and entice all to perform their own analysis prior to retirement. That analysis should begin by looking at SBP. There are many advantages to SBP. On the other hand, there are also some disadvantages. It is critical that the retiree weigh all aspects before accepting or declining SBP since the decision is irrevocable. If the retiree is in poor health, he must establish the future annuity needs of his spouse and secure commercial insurance before declining SBP since his coverage under the SBP program is guaranteed. It is probable that the retiree will have a good idea of his health status when he retires. There are other factors, such as life expectancy, that will require the retiree to make some assumptions prior to comparing SBP to commercial insurance, just as was accomplished in this paper. Due to the uncertainty of the future, there is some risk when making these assumptions. If the retiree planned for inflation rates which were three percent on retirement day, and then, ten years later when he dies, inflation is up to ten percent, it could be disastrous to the spouse. The SBP contains the lowest amount of risk because it is indexed to inflation and because assumptions do not have to be made, especially those regarding life expectancies, tax rates, and investment rates.(10:135)

The SBP is a good program. However, it is possible to equal the benefits of SBP with commercial insurance while achieving considerable savings. Although SBP provides substantial benefits to survivors who die prematurely, it penalizes the majority with a never ending increasing cost and a constantly decreasing benefit.(14:38) Costs, however, are only important as long as one lives. On the day of death, costs are irrelevant. The adequacy of a retiree's provision for his spouse then becomes the only real issue.(10:135) There are many options to achieve this. The keys are analysis and planning. The earlier this is accomplished, the more fruitful the returns. Retirement day is too late. Start today!

BIBLIOGRAPHY

A. REFERENCES CITED

Books

1. Belth, Joseph M. Life Insurance, A Consumer's Handbook. Indiana: Indiana University Press, 1985.

2. Cammack, Emerson and Robert I. Mehr. Principles of Insurance. Illinois: Richard D. Irwin, Inc., 1972.

3. Gordis, Phillip. How to Buy Insurance. New York: W. W. Norton and Company, Inc., 1947.

4. Insurance and Government Benefits for Service Personnel, Pennsylvania: The Stackpole Company, Inc., 1965.

5. Information Please Almanac 1986, Boston: Houghton Mifflin Company, Inc., 1986.

6. Johnson's Charts. Thirty-Eighth Edition, New York: Johnson's Charts, Inc., 1986.

7. Lucas, George G. R. and Ralph H. Wherry, Insurance Principles and Coverages, New York: Rinehart and Company, Inc., 1954.

8. Retired Military Almanac. Washington D.C.: Uniformed Services Almanac, Inc., 1986.

Articles and Periodicals

9. Braze, David J., Lt/Col, USA. "PL99-145 Permits New Options for Retirees," The Officer, June 1976, pp. 29-31.

10. Cathey, Michael B., Lt/Col, USMCR, and Donald E. Clemmer, Maj, USA. "The Survivor Benefit Plan," Proceedings, April 1985 pp.128-135.

11. Dorrough, Robert E., Capt, USAFR. "Survivor Benefit Plan(SBP)-The $200,000 Retirement Benefit," The Air Force Law Review, Fall 1975, pp. 59-69.

12. Famiglietti, Leonard. "SBP Coverage Decisions to Require Spouse's Consent," Air Force Times, February 3, 1986, p. 6.

13. "House Supports Further Improvements in SBP," Air Force Times, July 8, 1985, p. 8.

14. Loughry, A.S., Lt/Col, USMC. "Survivor Benefit Plan, Some Winners and Some Losers," Marine Corps Gazette, August 1974, pp. 32-38.

15. Maze, Rick, "Pentagon Seeks Improvements in SBP," Air Force Times, February 4, 1985, pp. 1,24.

16. Maze, Rick, "Senate Expected to Back SBP Changes," Air Force Times, July 1, 1985, pp. 1,28.

17. Plattner, Andy, "Trying to Out Guess the SBP Formula," Air Force Times, December 18, 1978, pp. 12, 16.

18. Snyder, Bradley, Capt, USA, (Retired). "The Truth About the Survivor Benefit Plan," The Retired Officer, February 1983, pp. 10, 11, 29.

Official Documents

19. United States Air Force Pamphlet 35-23, Survivor Benefit Plan, Washington, D.C.: Government Priting Office, August, 1984.

20. United States Air Force Regulation 211-14, Survivor Benefit Plan, Headquarters Air Force Military Personnel Center, Randolph AFB, Texas, June 22, 1984.

CONTINUED

21. United States Congress, Committee on Armed Services, "Establishing a Survivor Benefit Plan for Members of the Armed Forces," Report/92nd Congress, Washington, D.C.: Government Priting Office, 1972.

B. RELATED SOURCES

Books

Allen, Francis T. General Principles of Insurance. New York: Longmans, Green and Company. 1936.

Chernik, Vladimir P. The Consumer's Guide to Insurance Buying. California: Sherbourne Press, Inc., 1970.

Harwood, E. C. and William J. Matteson. Life Insurance and Annuities from the Buyers Point of View. Massachusetts: The Ben Franklin Press, Inc., 1956.

"Benefits Available to Survivors," The Times Magazine, April 1, 1985, p. 102.

Bowers, Jim L., Colonel, USAF, "Survivor Benefit Plan," Briefing Packet prepared at Headquarters, Air Force Manpower Center for all Consolidated Base Personnel Offices. Randolph AFB, Texas, July 9, 1986.

Budahn, P. J. "Changes Should Increase SBP Participation," Air Force Times, November 25, 1985, p. 4.

"CG:DOD Miscalulates Offset," Air Force Times, July 16, 1983, pp. 1, 26.

Conques, Lt/Col, USAF, "Taking a Look at the Survivor Benefit Plan," TIG Brief 6, June-July 1985, pp. 7-8.

CONTINUED

Craver, Martha Lynn, "Panel Seeks Improved Survivor Benefits Plan," Air Force Times, June 18, 1984, pp. 1, 10.

Craver, Martha Lynn, "Shroeder Bill Would Expand Ex-Spouse Benefits," Air Force Times, May 20, 1985, p. 3.

Famiglietti, Leonard, "Most in SBP to Pay Less," Air Force Times, April 18, 1983, pp. 1, 14.

Famiglietti, Leonard, "SBP Coverage Decisions to Require Spouse's Consent," Air Force Times, February 3, 1986, p. 6.

Letzkus, William C., and Charles R. Margenthaler, "Two Options for Revamping Survivor Benefit Plan Offsets," Defense Management Journal, Fourth Quarter 1984, pp. 19-24.

Lively, C. Judson, Colonel, USA, (Retired). "Faith in System on Wane in Active Force," The Officer, May, 1986, pp. 36-37.

Mangas, Cloyce L., Lt/Col, USA. "Look Twice Before You Decide on the New Survivor Benefit Plan," Armed Forces Journal International, July, 1973, pp. 36-39.

Maze, Rick, "Proposal Would Let Spouses Demand SBP," Air Force Times, September 10, 1984, pp. 1, 23.

"New Survivor Benefit Plan Well Received," Armed Forces Journal, November, 1972, p. 10.

Philpot, Tom, "Panel: Improve SBP, Raise Death Gratuity," Air Force Times, December 26, 1983, pp. 1, 24.

Plattner, Andy, "Trying to Out Guess the SBP Formula," Air Force Times, December 18, 1978, pp. 12, 16.

"Some Survivors Relieved of Offset," Air Force Times, October 15, 1984, p. 3.

"Survivors' Benefits for Retiree Families," Times Magazine, April 4, 1983, p. 98.

CONTINUED

"Survivor Security" Soldiers, April, 1985, pp. 30-31.

Official Documents

United States Congress, Committee on Veterans' Affairs, Veterans' Compensation and Benefits Improvements Act of 1985" Report/99th Congress, Washington, D. C.: Government Printing Office, November 26, 1985.

United States Congress, Committee on Armed Services, "Benefits for Survivors of Retired Military Personnel," Report/96th Congress, Washington, D. C.: Government Printing Office, August 21, 1980.

United States Congress, Committee on Armed Services, "Benefits for Survivors of Military Personnel," Report/95th Congress, Washington, D. C.: Government Printing Office, August 17, 1978.